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TAGS: OCON EAID UNIDO

SUBJECT: UNIDO - PREPARATIONS FOR SECOND GENERAL
CONFERENCE, ID/CONF.3/5

REF: (A) VIENNA 9449; (B) VIENNA 9817; (C) VIENNA 9818;
(D) VIENNA 9864; (E) VIENNA 9898

1. SUMMARY. TELEGRAM ANALYZES ID/CONF.3/5, SUB-
STANTIVELY IMPORTANT AGENDA PAPER FOR ITEM SIX OF
UNIDO-II PROV. AGENDA. PAPER MAKES SUMMARY CONTRIBU-
TION TO MID-TERM DD-II REVIEW AND APPRAISAL; GIVES
COMPREHENSIVE "ACTION-ORIENTED" OUTLINE OF INDUSTRIAL
DEVELOPMENT MEASURES LDC'S SHOULD CONSIDER; TOUCHES
VERY BRIEFLY ON MEASURES RELEVANT TO RLDC'S INDUSTRI-
ALIZATION; AND IN DISCUSSING "INTERNATIONAL COOPERATION"
TAKES LDC-ORIENTED LINE ON NEED FOR INDUSTRIALIZED
COUNTRY CONCESSIONS OF GSP, ADJUSTMENT ASSISTANCE,
TECHNOLOGY TRANSFER, ETC. AND "REDEPLOYMENT" OF
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INDUSTRY. END SUMMARY.

2. ID/CONF.3/5, "INDUSTRIALIZATION OF THE DEVELOPING COUNTRIES: BASIC PROBLEMS AND ISSUES FOR ACTION," IS ONE OF PRESUMPTIVELY MORE IMPORTANT SUBSTANTIVE PAPERS PREPARED FOR UNIDO-II. DRAFTED TO BE THE "AGENDA PAPER" FOR ITEM 6 OF THE UNIDO-II PROVISIONAL AGENDA, "INDUSTRIALIZATION OF THE DEVELOPING COUNTRIES," ITS 54 PAGES ARE ORGANIZED IN FOUR PARTS TO CORRESPOND WITH THE FOUR SUB-ITEMS OF THAT ITEM. THE PAPER TENDS REPRESENT ABSTRACT OF THE SPECIAL ISSUE OF INDUSTRIAL DEVELOPMENT SURVEY (ID/CONF.3/2) AND WILL DOUBTLESS BE READ MORE CLOSELY AND BY GREATER SHARE OF UNIDO-II DELEGATES THAN WILL THE SURVEY. IN ADDITION TO REFERRING TO THE PAPER IN PREPARATION FOR, AND DEBATE ON, UNIDO-II PROVISIONAL AGENDA ITEM 6, DELEGATES CAN BE EXPECTED TO CITE DATA CONTAINED THEREIN (AND IN THE SURVEY) DURING DEBATE AND NEGOTIATIONS ON DRAFT DECLARATION OF PRINCIPLES AND PLAN OF ACTION. THUS ID/CONF.3/5 SHOULD BE TAKEN INTO ACCOUNT IN PREPARATION FOR THE DECEMBER AND JANUARY PC-V MEETINGS.

3. CHAPTER I OF ID/CONF.3/5, "ANALYSIS OF THE ROLE OF INDUSTRIALIZATION IN THE PROMOTION OF DEVELOPMENT" REPRESENTS SUMMARY CONTRIBUTION TO MID-TERM DD-II REVIEW AND APPRAISAL. PROBLEM ORIENTED, CONCISE AND REASONABLY OBJECTIVE, THIS CHAPTER MIGHT BE REFERRED TO IO/CMD - TANK FOR MORE DETAILED COMMENT.

4. CHAPTER II, "INDUSTRIAL POLICY AND PLANNING IN THE DEVELOPING COUNTRIES: ALTERNATIVES AND RECOMMENDATIONS," FURTHER DIVIDED INTO SECTIONS ON " BACKGROUND FOR ACTION BY THE DEVELOPING COUNTRIES," AND "ALTERNATIVES AND RECOMMENDATIONS FOR POLICY PLANNING." ACTUALLY "ACTION-ORIENTED" AND SOMEWHAT "DIRIGISTE" IN TONE (CHAPTER BEGINS ON NOTE, "IDEA NOW WIDELY ACCEPTED THAT THE STATE SHOULD PLAY AN ACTIVE ROLE IN DIRECTING RATE OF GROWTH AND PATTERN OF DEVELOPMENT OF INDUSTRY" IN LDC'S), THE CHAPTER PRESENTS COMPREHENSIVE, PROFESSIONALLY COMPETENT SURVEY OF PROGRAM AND POLICY FACTORS RELEVANT TO LATTER-DAY INDUSTRIAL DEVELOPMENT. OF SPECIAL INTEREST FROM LIMITED OFFICIAL USE

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US STANDPOINT ARE SECTIONS ON NATURAL RESOURCE UTILIZATION AND THE ENVIRONMENT (PARA 84-89) AND TRANSNATIONAL CORPORATIONS(PARAS 95-98), WHICH WHILE LDC-ORIENTED, ARE NOT HOSTILE TO INDUSTRIALIZED COUNTRY POSITIONS.

5.CHAPTER III, "BASIC PROBLEMS FACING THE LEAST DEVELOPED COUNTRIES," VERY SHORT (3-1/2 PAGES), SUBSTANTIVELY THIN, A SEEMINGLY "PRO FORMA" INCLUSION

OF MINIMAL VALUE OR UTILITY.

6. CHAPTER IV, "INTERNATIONAL CO-OPERATION FOR
INDUSTRIAL DEVELOPMENT," SUBDIVIDED INTO SECTIONS,

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"DEVELOPMENT IN PERSPECTIVE - THE OLD ORDER," AND "A NEW INTERNATIONAL ECONOMIC ORDER" WILL GIVE US NUMBER OF DIFFICULTIES IF USED BY LDC'S AS JUSTIFICATION FOR THEIR POSITIONS. TOPIC IS , OF COURSE, CENTRAL THEME OF CONFERENCE FROM LDC STANDPOINT AND PAPER'S TREATMENT THEREOF SIMPLISTIC, LDC-BIASED, AT TIMES POLEMICAL, AND LAYS BASIS FOR ACTIVE, INTERVENTIONIST ROLE BY UNIDO. CHAPTER IV SUFFERS THROUGHTOUT FROM STATIS ORIENTATION, GIVING SCANT ATTENTION TO PRIVATE SECTOR. (INTERESTINGLY, WHEN WE VOICED DISASITISFACTION ALONG THESE LINES TO LE GUAY, HE DISAVOWED THE CHAPTER, INDICATING IT PREPARED IN GREAT HASTE AND NOT CLOSELY VETTED BY HIM, AND HE PROMISED HIS "GOOD OFFICES" BEHIND THE SCENES IS DISCOURAGING OVERLY-LITERAL REFERENCE TO IT BY LDC ACTIVISTS.)

A. FIRST SECTION PRESENTS OVER-SIMPLIFIED APPRECIATION OF PAST

DEVELOPMENT THEORY AND POLICY, IGNORING RECENT TRENDS PRIOR
GA/SS-VI, TAKING THOROUGHLY CRITICAL VIEW OF PAST INDUSTRIALIZED
COUNTRY PERFORMANCE ON GSP, ADJUSTMENT ASSISTANCE, TRADE LIBERAL-
IZATION, AND BILATERAL AID, AND UNDER SECTION ON NIEO BRIEFLY
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PROPOSES REFORMS IN THESE AREAS RESPONSIVE TO LDC STANDPOINT.
(LONG-TERM AGREEMENT ON TEXTILES IS CITED AS EXAMPLE OF NON-
TARIFF IMPORT BARRIER THAT NEEDS BE LIBERALIZED.)

B. ON SUBJECT OF RELATIONSHIP OF NIEO TO INTERNATIONAL DEVELOP-
MENT STRATEGY PARA 152 STATES CONTENTIOUSLY, "THE CONCEPT OF
SHARED DEVELOPMENT--WHICH WAS AN OUTGROWTH OF DISCUSSION OF
DEVELOPMENT ASSISTANCE AT (SS-VI)--REPLACES RATHER THAN COMPLE-
MENTS THE FORMER APPROACH THAT WAS TYPIFIED BY THE INTERNATIONAL
DEVELOPMENT STRATEGY." PARA 154-158, ESPECIALLY 154-155, MAKE
UNRESTRAINED CASE FOR INDUSTRIAL REDEPLOYMENT TO LDC'S, THEME
SENTENCES BEING, "THE NEW ECONOMIC STRUCTURE SHOULD BE FASHIONED
THROUGH INTENSIVE NEGOTIATION," AND, "THROUGH CONSULTATIONS AND
NEGOTIATION AMONG THE RESPECTIVE GOVERNMENTS (LDC INDUSTRIAL-
IZATION OBJECTIVES) WOULD BE ADJUSTED TO THE MUTUAL BENEFIT OF
THE PARTICIPANTS." SUCCEEDING SENTENCES LAY OUT IN SIMPLISTIC TERMS
FORM AND PURPOSES SUCH NEGOTIATIONS; MISSION ASSUMES DEPARTMENT
WOULD WISH EMPHASIS SHIFTED TOWARD CONSULTATION, RATHER THAN
NEGOTIATION, AND GREATER PROVISION FOR PRIVATE SECTOR IN PROCESS
RATHER THAN INTERGOVERNMENTAL ORIENTATION.

C. CURIOUSLY, CHAPTER IV TREATS WITH TNC'S ONLY IN PASSING, ALTHOUGH
NUMBER OF BRIEFLY STATED "REQUIRED" REFORMS WOULD AFFECT ELEMENTS
OF THEIR OPERATION. ON OTHER HAND, THIS CHAPTER ALSO AVOIDS
EXPLICIT TREATMENT OF ROLE "INVESTMENT CLIMATE" IN LDC'S PLAYS
AN ATTRACTING FOREIGN INVESTMENT, PUBLIC OR PRIVATE.

7. HAVING IDENTIFIED CERTAIN SHORTCOMINGS IN ID/CONF.3/5,
MISSION DOUBTS WHETHER ANYTHING USEFUL WOULD BE GAINED BY INITIAT-
ING CRITIQUE OF ITS OVERALL CONTENT OR CONTENTIOUS PASSAGES,
EITHER AT PC-V OR UNIDO-II. WE SHOULD, HOWEVER, BE PREPARED
TO REFUTE PARTS WITH WHICH WE DISAGREE TO EXTENT THEY CITED BY
G-77 IN SUPPORT OF OPPOSING VIEWPOINTS. WITH PARTICULAR REFERENCE
TO CHAPTER I, MISSION SENSES LITTLE DISPOSITION ON PART OF
LDC'S TO HOLD MEANINGFUL REVIEW AND APPRAISAL EXERCISE AND
DEPARTMENT WILL HAVE TO EXAMINE EXTENT TO WHICH IT REGARDS
SEEKING TO ADDRESS THIS TOPIC IS FEASIBLE AS WELL AS DESIRABLE.
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